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IN RE: Petition of Midcom Communications, Inc.)
 for Approval of Asset Transfer.)
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ORDER
APPROVING
ASSET
TRANSFER

This matter comes before the Public Service Commission of South Carolina (the "Commission") on the Petition of Midcom Communications, Inc. ("Midcom") requesting approval of the transfer of certain assets and partial customer bases from six companies to Midcom. The Petition was filed on March 1, 1995, pursuant to S.C. Code Ann. §58-9-310 (Supp. 1994) and the Regulations of the Public Service Commission. Since the original Petition was filed in this case, Midcom has amended the Petition to include other companies involved in the asset transfer. The companies transferring assets to Midcom are American Telephone Network, Inc. ("ATN"), WATS/800, Inc. ("WATS"), Telenational Communications Limited Partnership ("TC"), Global Telemedia International, Inc. ("GTI"), GE Capital Communication Services, Inc. ("GEC"), and Cherry Communications ("Cherry"), all collectively referred to herein as "the transferring companies."

The Commission's Executive Director instructed the Midcom to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the affected areas. The purpose of the Notice of Filing was to inform interested parties of the Petition

and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. Midcom complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. No Petitions to Intervene were filed in this matter.

A public hearing was commenced on May 1, 1996, at 10:30 a.m. in the Commission's Hearing Room. The Honorable Rudolph Mitchell, Chairman, presided. The Petitioners were represented by Frank R. Ellerbe, III, Esquire. Catherine D. Taylor, Staff Counsel, represented the Commission Staff.

Mr. Brad Toney, Assistant Counsel to Midcom, appeared and offered testimony in support of the Petition. He stated that Midcom is certified by this Commission to provide intrastate resold telecommunications services in South Carolina. Mr. Toney further explained that Midcom and the transferring companies signed contracts pursuant to which they contemplate that Midcom will acquire portions of the long distance businesses and certain assets of the transferring companies. Specifically, the transaction for which approval is sought involves transfer of the following assets: (a) from ATN to Midcom, ATN's customer base and records, distributors agreements, operating equipment, real estate leases, a limited license to use the name ATN, and billing software; (b) from WATS to Midcom, a portion of WATS' customer accounts, certain accounts receivable, limited use of billing software and information services, and certain other assets; (c) from TC to Midcom, only the contracts with TC's customers which will be assigned to Midcom; (d) from GTI to Midcom, customer accounts, accounts receivable, and a limited license to use the

tradenames Global and Global Telemedia; (e) from GEC to Midcom, a portion of GEC's customer accounts and related accounts receivable; and (f) from Cherry to Midcom, a portion of Cherry's customer accounts, related accounts receivable, and a limited license to use the tradenames Cherry and Cherry Communications, Inc. Upon closing the transaction, Midcom will provide telecommunications services to the former customer bases transferred to Midcom from the transferring companies. Approximately 350 South Carolina customers will be affected.

Mr. Toney testified that the transfer of assets will not adversely affect the provision of telecommunications services in South Carolina, and that during transition, the customers will continue to be able to purchase the same services from Midcom which they currently purchase from their current carrier at the same rate. Mr. Toney further stated that all affected customers will be sent appropriate and timely notice of the transaction. Upon consummation of the transaction, only ATN will discontinue providing service to its South Carolina customers. If customers choose to convert to another carrier as a result of this transaction, Midcom will provide assistance in the conversion to another carrier and will assume responsibility for the presubscribed interexchange carrier change charge.

Mr. Toney continued by explaining that the proposed merger offered several advantages: (1) Midcom's management and telecommunications experience will benefit the transferred South Carolina customers; (2) the asset transfer will expand Midcom's customer base, thus enabling the Company to generate economies of scale and efficiency of operations; and (3) the customers will

receive improved service at rates equal to or lower than those of the transferring companies. Finally, Mr. Toney assured the Commission that the Petitioners would abide by the Commission's Rules and Regulations.

Upon review and consideration of the Petition, applicable law, and the evidence presented at hearing, the Commission hereby issues its findings of facts and conclusions of law:

FINDINGS OF FACT

1. Midcom is a publically traded telecommunications corporation certified by this Commission to operate as a reseller of intrastate interexchange telecommunications services in South Carolina.

2. American Telephone Network, Inc., is a telecommunications corporation certificated by the Commission to provide interexchange telecommunications services in South Carolina pursuant to Order No. 91-734.

3. WATS/800, Inc. is a telecommunications corporation certificated by the Commission to provide interexchange telecommunications services in South Carolina pursuant to Order No. 92-264.

4. Telenational Communications Limited Partnership is a telecommunications company certificated by the Commission to provide interexchange telecommunications services in South Carolina pursuant to Order No. 91-934.

5. Global Telemedia International, Inc., is a telecommunications corporation certificated by this Commission to provide interexchange telecommunications services in South Carolina pursuant to Order No. 94-1290.

6. GE Capital Communication Services, Inc. d/b/a GE Exchange and d/b/a GE Capital Exchange, is a telecommunications corporation certificated by this Commission to provide interexchange telecommunications services in South Carolina pursuant to Order No. 93-1123.

7. Cherry Communications is a telecommunications company certificated by this Commission to provide interexchange telecommunications services in South Carolina pursuant to Order No. 95-1362.

8. Midcom and the transferring companies wish for Midcom to acquire the assets of the transferring companies as described fully above. Customers affected by this transaction will be served by Midcom under its tariff which has been approved by the Commission.

9. Upon closing this transaction, Midcom will provide telecommunications services to the former customer bases of the transferring companies.

10. Because the transfer of assets will be made in seamless fashion, the transferring companies' former customers will not be adversely affected. Customers will be able to purchase the same services from Midcom that they currently purchase from their respective companies at the same rates.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission hereby determines that the sale of assets from the transferring companies to Midcom is in the public interest, and, therefore, the Commission approves the requested asset transfer as stated herein.

2. The transfers of assets as discussed herein are in the

public interest because customers will benefit from Midcom's experience and service offerings, and all companies involved will be able to compete more effectively for interexchange services in South Carolina by allowing them to allocate customer services among them efficiently.

3. The transferring companies are is strongly urged by this Commission to provide the Commission with viable information regarding the status of their operations in South Carolina.

4. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)